

CONTROLLER STEVE WESTLY

STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.3028
www.controller.ca.gov

FOR IMMEDIATE RELEASE:
January 6, 2004

**CONTACT: STEVEN FISHER OR
STACEY RAGLAND**
916-324-2356

Stronger Economy Boosting State Revenues

*Westly: "A stronger economy gives the Governor an assist
but won't do the heavy lifting."*

Sacramento, CA – California State Controller Steve Westly today announced monthly revenue figures that show a stronger economy is providing better-than-expected revenues.

The monthly report shows revenues at the midpoint of the fiscal year are approximately 3.8 percent higher than forecast by the Department of Finance, slightly ahead of the previous month.

Current projections show the state has taken in \$35.3 billion for the first six months of this fiscal year, \$1.27 billion higher than forecast. The increase comes largely from improved sales, corporate and personal income tax revenues.

"A rebounding economy gives us mild relief today and hope for tomorrow," Westly said.

Despite the new figures, Governor Schwarzenegger still faces a budget gap of up to \$14 billion in fiscal year 2004-2005, which will have to be addressed with spending cuts, revenue increases, or both.

"The Governor must make the hard choices," Westly said. "A stronger economy gives the Governor an assist but won't do the heavy lifting."

REVENUE REPORT FOLLOWS

General Fund Revenues for the month of December 2003

In thousands

	December 2003		Actual Over or	
	Actual	DOF's Budget Act Estimates	(Under) Estimate	
			Amount	%
Alcoholic Beverage Excise Tax	24,657	25,000	(343)	(1.4)
Corporation Tax	976,566	886,000	90,566	10.2
Cigarette Tax	13,711	10,000	3,711	37.1
Estate, Inheritance, and Gift Tax	61,879	47,000	14,879	31.7
Insurance Companies Tax	417,293	419,000	(1,707)	(0.4)
Personal Income Tax	3,882,765	3,792,000	90,765	2.4
Retail Sales and Use Taxes	2,018,467	1,869,000	149,467	8.0
Pooled Money Investment Interest	5,060	19,000	(13,940)	(73.4)
Not Otherwise Classified	98,794	129,000	(30,206)	(23.4)
Total Revenues	<u>7,499,192</u>	<u>7,196,000</u>	<u>303,192</u>	4.2

General Fund Revenues as of December 2003

In thousands

	Actual	DOF's Budget Act Estimates	Actual Over or	
			(Under) Estimate	
			Amount	%
Alcoholic Beverage Excise Tax	163,922	156,070	7,852	5.0
Corporation Tax	2,996,886	2,768,030	228,856	8.3
Cigarette Tax	59,844	60,452	(608)	(1.0)
Estate, Inheritance, and Gift Tax	326,214	342,763	(16,549)	(4.8)
Insurance Companies Tax	903,595	904,219	(624)	(0.1)
Personal Income Tax	16,423,768	15,804,968	618,800	3.9
Retail Sales and Use Taxes	11,315,740	11,172,649	143,091	1.3
Pooled Money Investment Interest	60,986	103,137	(42,151)	(40.9)
Not Otherwise Classified *	3,091,188	2,749,871	341,317	12.4
Total Revenues	<u>35,342,143</u>	<u>34,062,159</u>	<u>1,279,984</u>	3.8

* \$2,263,609 Tobacco Securitization Bonds were received in September 2003

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